

# Child Nutrition Update

With CANS and SNA SD  
September 2018

## Agenda

### Questions from you!

- ▶ Procurement Updates
- ▶ Unpaid Meal Policy
- ▶ Lunch Shaming



September 2018

## Micro-Purchase Increased Threshold

▶ Old

\$3,500

▶ New

**\$10,000**



## Informal Purchase Threshold

### ► Old

\$150,000

Services/Supplies \$25,000 per SD law



### ► New

**\$250,000**

Services/Supplies still \$25,000 per SD law

5

# Micro-purchases

- ▶ What's in your Procurement Plan?
  - ▶ Spreading the Wealth Equitably
  - ▶ Price must be reasonable
  - ▶ Justification

Handout

(Name of Local Agency)

## PROCUREMENT PLAN

1. The (Name of Local Agency) plan for procuring items for use in the Child Nutrition Program is as follows. The procurement plan provides for free and open competition, transparency in transactions, comparability, and documentation of all procurement activities.
2. If the amount of food purchases is more than the Federal small purchase threshold currently valued at \$250,000, **OR** if the amount of nonperishable goods and services is more than the State of South Dakota small purchase threshold currently valued at \$25,000, **OR** the Local Agency (LA) approved threshold is more restrictive, formal procurement procedures will be used as required by federal Procurement Standards 2 CFR 200 and South Dakota Codified Law (SDCL) 5-18A-14 and SDCL 5-18A-22(12). Informal procurement procedures (small purchase price quotes) will be required for purchases under the most restrictive small purchase threshold.
3. **Buy American:** By participating in the federal school meal programs, Local Agencies are required to purchase domestic commodities and products for school meals to the maximum extent practicable. This requirement applies only to the school meal programs and not to the Child and Adult Care Food Program or the Summer Food Service Program. Domestic commodity or product means an agricultural commodity that is produced in the US and a food product that is processed in the US substantially (at least 51 percent) using agricultural commodities that are produced in the US.

While rare, two (2) exceptions may exist when:

- a. the product is not produced or manufactured in the US in sufficient, reasonable and available quantities of a satisfactory quality; and
- b. competitive proposals reveal the cost of a domestic product is significantly higher than a non-domestic product.

ALL products that are normally purchased by Distributor as non-domestic and proposed as part of this solicitation must be identified with the country of origin. Distributor shall outline their procedures to notify the school or agency when products are purchased as non-domestic.

Any substitution of a non-domestic product for a domestic product (which was originally a part of the solicitation), must be approved, in writing, by the Food Service Director, prior to the delivery of the product to the school or agency. Any non-domestic product delivered to the school or agency, without the prior, written approval of the Food Service Director, will be rejected.

6

The Distributor must affirm their willingness to assert their best and reasonable efforts to ensure compliance with this federal rule.

## Micro-purchase

### ▶ THEN

- ▶ Purchase amounts among all qualified vendors equally by dollar amount

### ▶ NOW

- ▶ Purchase amounts among all qualified vendors equally by dollar amount
- ▶ Purchases can be rotated among qualified vendors, Local Agencies must have reasoning in their procurement plan

## Micro-purchase: Example of Rotating Vendors

### Apple School District Procurement Plan:

- ▶ The Granny Smith Elementary will rotate weekly micro-purchases for fresh produce and small quantity foods using the following local grocery stores as follows:

Qualified Grocery Stores	Week
Hi-Cee grocery store	#1
Johnson's Corner Grocery	#2
Red Owl grocery store	#3

8



## Micro Purchases: Example of One Vendor

### Apple School District Procurement Plan:

- ▶ The Granny Smith Elementary will use micro-purchases for fresh produce and small quantity foods from the local grocery store only:

#### Qualified Grocery Store Justification

**Johnson's Corner Grocery:** local grocery store 5 miles from school

#### Not Qualified Grocery Store Justification

**Hi-Cee:** next closest grocery store is 45 miles away. Using this store will add the cost of 3 hours of staff wages, \$27.90 in mileage in personal vehicle, and store will not accept school district credit

# Procurement Plan Example Plan

CANS website: <https://doe.sd.gov/can>

## Procurement Section

- ▶ Procurement Plan Example
- ▶ Procurement Plan Example without Formal language
  - ▶ Use if your school ONLY uses quotes, informal, 3- bids and a buy

(Name of Local Agency)

### PROCUREMENT PLAN

1. The (Name of Local Agency) plan for procuring items for use in the Child Nutrition Program is as follows. The procurement plan provides for free and open competition, transparency in transactions, comparability, and documentation of all procurement activities.
2. If the amount of food purchases is more than the Federal small purchase threshold currently valued at \$250,000, OR if the amount of nonperishable goods and services is more than the State of South Dakota small purchase threshold currently valued at \$25,000, OR the Local Agency (L.A.) approved threshold is more restrictive, formal procurement procedures will be used as required by federal Procurement Standards 2 CFR 200 and South Dakota Codified Law (SDCL) 5-18A-14 and SDCL 5-18A-22(12). Informal procurement procedures (small purchase price quotes) will be required for purchases under the most restrictive small purchase threshold.

3. **Buy American:** By participating in the federal school meal programs, Local Agencies are required to purchase domestic commodities and products for school meals to the maximum extent practicable. This requirement applies only to the school meal programs and not to the Child and Adult Care Food Program or the Summer Food Service Program. Domestic commodity or product means an agricultural commodity that is produced in the US and a food product that is processed in the US substantially (at least 51 percent) using agricultural commodities that are produced in the US.

While rare, two (2) exceptions may exist when:

- a. the product is not produced or manufactured in the US in sufficient, reasonable and available quantities of a satisfactory quality; and
- b. competitive proposals reveal the cost of a domestic product is significantly higher than a non-domestic product.

ALL products that are normally purchased by Distributor as non-domestic and proposed as part of this solicitation must be identified with the country of origin. Distributor shall outline their procedures to notify the school or agency when products are purchased as non-domestic.

Any substitution of a non-domestic product for a domestic product (which was originally a part of the solicitation), must be approved, in writing, by the Food Service Director, prior to the delivery of the product to the school or agency. Any non-domestic product delivered to the school or agency, without the prior, written approval of the Food Service Director, will be rejected.

The Distributor must affirm their willingness to assert their best and reasonable efforts to ensure compliance with this federal rule.

Procurement plan is required for everyone.

It is a living document that must be updated occasionally as things change.

Must also have a standard of conduct, that addresses ethical concerns. This can be included in the procurement plan or a separate document.

## Market Basket



- ▶ Can be used to award a Prime Vendor in a **formal procurement**
- ▶ A sample of goods representing 75% (recommended) of contract value to make contract award
- ▶ Remaining goods must have written specifications and must be priced by the vendor.
  - ▶ These prices must be reasonable, but are not used for the award.
- ▶ This option must be added into the formal procurement solicitation and the original contract

11

**Prime vendor agreement** is a pricing contract that vendors offer to buyers on products that are frequently purchased.

Buyers tend to receive preferred pricing because of the high volume of product being purchased. They will typically receive it through the vendor's wholesale [distribution channel](#). Like many other contracts, a PVA is designed to benefit both parties: the buyer and the seller.

## New & Additional Goods Clause

- ▶ New items added to renewed contract with the amendment
- ▶ Value of renewed contract must be re-calculated every year
  - ▶ Example: A Prime Vendor contract was originally awarded for \$100,000
  - ▶ Amendment #1 with Prime Vendor increased by 5% from new goods, the value of Amendment #1 is recalculated to \$105,000
- ▶ Maintain records!

12

## New & Additional Goods Clause

- ▶ Can be used in a **formal procurement**
- ▶ This option must be added into the formal procurement solicitation and the original contract
- ▶ Dollar amount of these items cannot exceed a specified percentage of the original contract value, suggested 5-10%

Memo [SP04-2018](#): *Market Basket Analysis when Procuring Program Goods and Modifying Contracted-For Product Lists*

## Procurement Reviews

- ▶ Procurement Plan
- ▶ Standard of Conduct / Ethics
- ▶ Vendor Paid List (a list of all vendors used from the FS account)
- ▶ Will identify: micro, informal, formal purchases
- ▶ Reviewer selects a sample of each procurement method and looks at all of the supporting document, including 3 invoices
- ▶ Includes FSMC and all other purchases made by SFAs

14

## Agreement or Contract?

- ▶ Agreements are recommended with quotes / informal
  - ▶ Contracts are required using formal procurement methods
- 
- ☒ Get it in writing with a signature!
  - ☒ Manage the contract or agreement
  - ☒ Provide written feedback to vendor when issues arise
  - ☒ Save documents for three years, past the current year

15



## Unpaid Meal Policy

Office of Child and Adult Nutrition Services

September 2018

16



## Guidance

- ▶ USDA Memo SP46-2016
  - ▶ SFAs must clearly communicate policy to:
    - ▶ School administrators
    - ▶ School food service professionals
    - ▶ Families
    - ▶ Students
  - ▶ Availability of reimbursable meals
  - ▶ Information about free/reduced meals

17

### Establishing a Meal Charge Policy

Meal charge and alternate meal policies must be clearly communicated to:

- school administrators
- school food service professionals
- families
- Students

Prevents confusion for students and families and promotes effective financial management of the school meal programs.

7 CFR 245.5 states that parents or guardians of all children in attendance at schools participating in Federal school meal service programs must be informed of the availability of reimbursable school meals and must be provided information about applying for free or reduced price meals. This may be communicated using a variety of methods, but all families must be notified.

## Meal Charge Policy

- ▶ Required that it must be a written document
- ▶ Does not necessarily need School Board approval
- ▶ Policy or Standard Practice?
- ▶ Communication requirements
- ▶ Revisions
- ▶ Record retention

18

All SFAs must have in place a written and clearly communicated system to address meal charges.

No federal requirement for school board approval, but SFAs should consult with local administrators about any local requirements.

Whether it is a “policy” or “standard practice” is at the discretion of the SFA. Must consist of a written document explaining how the SFA will handle situations where children eligible to receive reduced price or paid meals do not have money in their account or in hand to cover the cost of their meal at the time of service. Must be implemented throughout the SFA.

Policy must be provided in writing to all households at the start of each school year and to households transferring to the school during the year. Posting online and sending in email is helpful, but may not reach all households. Encouraged to include the policy in handbooks and on websites. Must also be provided in writing to SFA level staff responsible for enforcement of the policy including POS staff, staff notifying families of low/negative balances, others involved in enforcing the policy. School social workers, school nurses, homeless liaisons, principals, administrators, others working with

families in need.

Policy should be revised/updated at least annually.

Policy must be maintained and provided during admin reviews. Must maintain and document methods used to communicate the policy.

## Free and Reduced Meals

- ▶ Submit free/reduced applications early
- ▶ Option to eliminate reduced price category
- ▶ Remaining Funds
- ▶ Alternative meal counting and claiming

19

The school year officially begins July 1, so applications can be collected anytime after that. To help students eligible for f/r meals from accruing unpaid meal charges, schools should ensure families are aware they may submit an application prior to the first day of school. Remember, families may submit applications at any point during the school year.

At their discretion, schools may offer meals at no cost to children qualifying for reduced benefits. Schools may also elect to lower the cost of reduced price meals. This is an allowable use of non-profit school food service funds and the reimbursement remains the same.

When a child leaves a district or graduates, SFAs must attempt to contact the household and return any funds remaining in the student's account. Households approved for free or reduced price benefits must receive a refund. If families not approved for free or reduced benefits choose to, they may donate the funds, which can be used to cover unpaid meal charges that are uncollectable.

Some alternate options for districts struggling are CEP and Provision 2 and 3.

## Payment Options and Reminders

- ▶ Pre-payment
- ▶ Online payments and monitoring account
- ▶ Short or Long-term payment plans
- ▶ Volunteers communicating payment reminders
- ▶ Point of Service (POS) location
- ▶ Always prevent overt identification

20

Schools should encourage families to prepay for meals to help ensure children have consistent access to healthy, reimbursable meals without accruing unpaid meal charges. If a prepayment system is established, children and families must continue to have a method to add funds on the day of service, meaning students must be able to pay cash for a meal on the day it is served, regardless of their current balance. Online payment options also help give families another avenue to prepay for meals.

SFAs may work with families to establish long-term repayment plans if necessary. This may be helpful for households with income just above the threshold for free or reduced meals or where income is sporadic. Remember that unpaid meal charges may be carried over at the end of the school year as delinquent debt and collection efforts may continue into the new school year.

LEAs may disclose individual student eligibility information only to those who require the information. Schools may not enlist the assistance of unauthorized persons, such as parent volunteers, to follow up with payment reminders or debt collection efforts related to unpaid meal charges and prevent overt identification.

SFAs are permitted to move the POS to prevent the identification of children with

unpaid meal charges. If you have to move the POS to an alternate POS situation (POS at the beginning of the line) it must be approved by the state agency.

SFAs must prevent overt identification by ensuring that methods of payment are not coded or colored in a manner which overtly identifies children based on eligibility status. Electronic POS computer screens must not show any symbol or identifying information to show eligibility status.

## Alternate Meals

### ▶ Allowed

- ▶ Required to meet meal pattern? Yes, if reimbursed
- ▶ Charging families for alternate meals?
- ▶ How will you handle children with disabilities that need special meal accommodations?

21

Alternate meals are required to meet the meal pattern only if the SFA is seeking reimbursement for those meals. SFAs not seeking reimbursement are not required to meet the meal patterns. FNS encourages schools to provide a reimbursable meal to all children who want one. This prevents singling out of children with unpaid meal charges, provides children with the nutritional benefits of a reimbursable meal, and ensures the school receives the applicable federal reimbursement of the meal.

Many SFAs providing alternate meals to children with unpaid meal charges choose to provide them for free. However, the SFAs have discretion to charge children for alternate meals. Remember that the cost of a nonreimbursable alternate meal must be paid for with nonfederal funds. A reimbursable meal can be claimed.

SFAs must ensure children with disabilities have access to the same benefits and services provided to other children. SFAs opting to provide alternate meals to children with unpaid meal charges must ensure children with disabilities have access to an alternate meal that is safe to consume, and must provide a modified alternate when necessary to accommodate a child's disability.

## Debt Collections

- ▶ Carry over of these charges into new school year must be collectable
- ▶ When do unpaid meal charges become bad debt?
  - ▶ Uncollectable charges
- ▶ Federal reimbursement cannot cover bad debt
- ▶ Cash in hand

22

SFAs should ensure their efforts to collect delinquent debt do not have a negative impact on the children involved. The focus should be on the adult in the household responsible for providing funds for meals. SFAs are encouraged to consider whether the benefits of potential collections outweigh the costs incurred to achieve those collections. Policies regarding the collection of unpaid meal charges should be included in the written meal charge policy.

When school officials determine further collection efforts for delinquent debt are useless or too costly, the debt must be reclassified as bad debt. Once a delinquent debt is reclassified as bad debt, it must be written off as an operating loss. Nonprofit School Food Service account federal funds cannot be used to cover costs related to bad debt; nonfederal funds must be used.

As previously mentioned, if a child has money to purchase a meal at the time of meal service, that child must be provided a meal. SFAs may not use the child's money to repay previously unpaid charges if the child intends to use the money to purchase a meal today.



## Best Practices

- ▶ Offering to assist the family apply for free or reduced-price meals
- ▶ Using robocalls, texts, emails, mailed communication to alert parents
- ▶ Finding the student before entering lunch line and quietly offering them an alternate meal
- ▶ Offering the family a payment plan

23

## Not Recommended

- ▶ Sending all communications to students, and not communicating directly to the adults
- ▶ Stamping or marking a child
- ▶ Taking a meal or food away from the student in line

24

## Resources

- ▶ 2017 Guidebook: Overcoming the Unpaid Meal Challenge
- ▶ USDA Memo 46-2016
  - ▶ Unpaid Meal Charges: Local Meal Chare Policies
- ▶ USDA Memo 47-2016
  - ▶ Unpaid Meal Charges: Clarification on Collection of Delinquent Meal Payments
- ▶ USDA Memo 23-2017
  - ▶ Unpaid Meal Charges: Guidance and Q&A
- ▶ Examples on CANS webpage

25

CANS Webpage

## Contact Us

### Laura Duba, RD, LN

- ▶ Child Nutrition Director, Brookings School District
- ▶ Past President, School Nutrition Association of SD

### Roxann DuBois

- ▶ Child Nutrition Director, Hill City School District
- ▶ President, School Nutrition Association of SD



## Contact Us



### CANS Office

- ▶ Email: [DOESchoolLunch.com](mailto:DOESchoolLunch.com)
- ▶ Phone: 605-773-3413
- ▶ Website: [doe.sd.gov/cans/index.aspx](http://doe.sd.gov/cans/index.aspx)

## Resources



Annual State Conference  
Pierre, SD  
July 23-25, 2019

Industry Conference  
Sioux Falls, SD  
Late January 2019



south dakota  
DEPARTMENT OF EDUCATION  
Learning. Leadership. Service.



INSTITUTE OF  
*child nutrition*  
RESOURCES • TRAINING • RESEARCH

28

## Hot Topics in School Nutrition ASBO September 2018

### **Training credit Key Area:**

#### 2 - Operations:

- ▶ 2400 Purchasing & Procurement, 15 minutes

#### 3 - Administration:

- ▶ 3320 Compliance with Regulations & Policies, 15 minutes

29

## Non-Discrimination Statement

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, sex, disability, age, or reprisal or retaliation for prior civil rights activity in any program or activity conducted or funded by USDA.

Persons with disabilities who require alternative means of communication for program information (e.g. Braille, large print, audiotape, American Sign Language, etc.), should contact the Agency (State or local) where they applied for benefits. Individuals who are deaf, hard of hearing or have speech disabilities may contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, (AD-3027) found online at: [http://www.ascr.usda.gov/complaint\\_filing\\_cust.html](http://www.ascr.usda.gov/complaint_filing_cust.html), and at any USDA office, or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by:

(1) Mail: U.S. Department of Agriculture  
Office of the Assistant Secretary for Civil Rights  
1400 Independence Avenue, SW  
Washington, D.C. 20250-9410;

(2) Fax: (202) 690-7442; or

(3) Email: [program.intake@usda.gov](mailto:program.intake@usda.gov).

This institution is an equal opportunity provider.